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The Director,

Bureau of the Budget.

My dear Mr. Webb:

Reference is made to your letter dated March 3, 1948, forwarding for my comments, a draft of a proposed bill submitted by the Central Intelligence Agency, entitled "A BILL To provide for the administration of the Central Intelligence Agency, established pursuant to Section 102, National Security Act of 1947, and for other purposes."

Section 102 of the National Security Act of 1947, Public 253, approved July 26, 1947, 61 Stat. 497, established the Central Intelligence Agency under the National Security Council, to coordinate the intelligence activities of the Government agencies in the interests of national security. The Central Intelligence Agency was charged with the duty, under the direction of the National Security Council to advise the Council in matters concerning the intelligence activities of the Government agencies as related to national security, to make recommendations to the Council for the coordination of such activities, to correlate, evaluate, and provide for the proper dissemination within the Government of such intelligence, and to be responsible for protecting the intelligence sources and methods from unauthorized disclosure. It was further charged with the performance, for the benefit of existing intelligence

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agencies, of such additional services of common concern as the National Security Council determined could more efficiently be accomplished centrally and such other functions and duties related to intelligence affecting the national security as the National Security Council might direct. Provision was made to the extent recommended by the National Security Council, and approved by the President, for intelligence relating to national security possessed by the various Government agencies to be made available to the Central Intelligence Agency for correlation, evaluation and appropriate dissemination and the personnel, property of and funds available to the Central Intelligence Group established pursuant to Executive order (11 Fed. Reg. 1337) were transferred to the Central Intelligence Agency.

~~The proposed bill would define the authority of that Agency and establish certain procedures for its administration.~~ Sections 1 and 2 of the bill define the terms used therein and provide for a seal of office for the Agency. Section 3 would grant to the Agency certain of the authorities granted the Departments of the Army, Navy, Air Force, the Coast Guard, and the Advisory Committee for Aeronautics by Public Law 413, 80th Cong., 62 Stat. —, approved February 19, 1948, in the procurement of supplies and services, such as authority to purchase the said supplies and services without advertising, where the aggregate amount involved is less than $1,000; where the public exigencies will not permit of delay incident to advertising;

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where direct procurement without advertising is deemed to be necessary in the public interest during periods of national emergency, declared by the Congress or the President; or where the supplies and services are to be procured and used outside the United States. The provisions as to advance payments under negotiated contracts, release of liquidated damages, etc., under sections 3, 4, 5, 6 and 10 of the Armed Forces Procurement Act would also be applicable to the Central Intelligence Agency. Sections 4 and 5 of the proposed draft relate to education and training of its officers and employees and allowance for travel and related items. Section 6 of the act would grant authority to the Central Intelligence Agency in performing its functions, to transfer to and receive from other agencies, funds authorized by the Director of the Bureau of the Budget, without regard to any of the provisions of law and permit the expenditure of funds thus received without regard to the limitations of appropriations from which transferred; would permit the exchange of funds; provide for the assignment or detail of officers of other agencies for duty with the Central Intelligence Agency, on a reimbursable basis; authorize couriers carrying confidential documents to carry fire arms; authorize, on certification of the Director that the action is necessary to the successful performance of its functions, the alteration, improvement, and repair of leased premises without regard to existing limitations; permit the employment of retired personnel of the armed services

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to be paid either their retired pay or pay as an employee of the Agency; exempt the Agency from complying with laws relating to publication or disclosure of the identity of its personnel for publication in the ~~Federal~~ [official] Register; from furnishing reports of the number of its employees to the Bureau of the Budget, and from the necessity of allocating its positions as provided in 5 U.S.C. 654, 655 and 664; permits the entry into the United States of not to exceed 50 aliens and their immediate families in any calendar year, without regard to the immigration law, on the Director's determining that their entry is in the interest of national security or essential to the furtherance of national intelligence. ~~Section 7 provides that funds made available to the Agency may be expended for numerous purposes specifically set forth therein; and with the approval of the National Security Council that portions of such funds may be expended without regard to the provisions of law applicable to Government funds or to the employment of persons in the Government services and further, that with such approval vouchers of a confidential, extraordinary or emergency nature might be accounted for on certificate of the Director, such certificate to be deemed a sufficient voucher for the amount certified.~~ now p. 8 Sections 8 and 9 provide for separability of provisions, in the event any provision is held invalid, and for a short title for the act.

~~While sections 3, 6, and 7 of the proposed enactment provide for the granting of much wider authority than I would ordinarily~~

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command for Government agencies generally, the purposes sought to be obtained by the establishment of the Central Intelligence Agency are believed to be of such paramount importance as to justify the extraordinary measures proposed therein. The importance of obtaining, correlating, and disseminating to proper agencies of the Government intelligence relating to national security under present international conditions cannot be overlooked. In an atomic age, where the act of an unfriendly power might, in a few short hours, destroy, or seriously damage the security, if not the existence of the nation itself, it becomes of vital importance to secure, in every practicable way, intelligence affecting its security. The necessity for secrecy in such matters is apparent and the Congress apparently recognized this fully in that it provided in section 102(d)3 of Public Law 253, 61 Stat. 498, that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure. Under those conditions, I do not feel called upon to object to the safeguards advanced in sections 3, 6 and 7 of the act. Sections 1, 2, 8 and 9 of the act are largely ministerial and free from objection under the circumstances. Sections 4 and 5 are patterned closely to the provisions of the Foreign Service Act of 1946, 60 Stat. 999, Aug. 13 appear free from objection except insofar as relates to the returning to the United States, on statutory leave, citizen officers and employees of the Agency upon completion of two years' service

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abroad and the payment of expenses connected therewith. Unlike foreign service officers, no statutory provisions as to leave other than those applicable generally to Government employees as set forth in 5 U.S.C. 30, 30a, and 30b have been enacted as to officers or employees of the Central Intelligence Agency, and in order to avoid unnecessary expense in returning to the United States, employees who may be totally without accrued leave or whose stay here would be so brief as not to warrant the expense involved, it might be well to change section 5(a) 2 to read somewhat as follows:

"Order to continental United States on leave provided for in [illegible] 30, 30a, 30b, or as such sections may hereafter be amended every officer and employee of the Agency who is a citizen of the United States, upon completion of two years' continuous service abroad, or as soon as possible thereafter, provided that such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least 30 days."

The enclosures of your letter are returned herewith.

Respectfully,

(Signed) Lindsay C. Warren

Comptroller General
of the United States.

Enclosures.

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